



ArbiterSports Research

# 5 Takeaways

from the ArbiterSports National Webinar about digital payments to 1099 workers in high school & college athletic departments



**ArbiterSports**

*The Only One That's All In One*



# Executive Overview

In 2022, ArbiterSports hosted a national webinar titled: *How digital payments help alleviate the stress of athletic budgets, streamline operations and recruit officials*. The webinar was moderated by Kyle Ford, President and CEO of ArbiterSports with headquarters in Sandy, UT, and the esteemed panelists included Lanness Robinson and Max Kattwinkel.

## About Lanness Robinson

Lanness serves as athletic director of Hillsborough County Public Schools which is located in Tampa, FL. The district serves 213,000 students, operates on a \$3.3 billion budget, is home to more than 15,000 teachers, 25,000 support staff, and includes 250 individual schools. Lanness was elected as the Region A At-Large representative to the NIAAA Board of Directors by the membership at the 2016 National Athletic Directors Conference in Nashville, Tennessee. He was selected by the Board of Directors to become the 41st President of the NIAAA Board in 2020. Lanness became the fourth Floridian to serve as President of the NIAAA Board of Directors and he holds the distinction as the association's initial African American president.



Lanness Robinson

## About Max Kattwinkel

Max is the athletic director of Lubbock-Cooper Independent School District which serves over 6,500 students through the expertise of more than 500 teachers. Prior to his position as athletic director, Max was a champion high school football coach compiling a 59-18 record at the school including an undefeated regular season campaign with the most wins in the school's 86 year history as well as coaching in the school's first ever nationally televised athletic event with the upset of top ranked Stephenville. Max graduated with his Master's Degree in Educational Leadership and his Bachelor's in Education from Texas Tech University.



Max Kattwinkel

The findings and takeaways from this webinar and the thoughts, narratives and feedback from Lanness and Max are represented in this research report. Please share this study with your associates and assistants. Thank you.



# 1 TAKEAWAY ONE

## The Digital Payment Train Has Left The Station And There's No Turning Back; Cash Has No Seat On This Train

*The statistics from the Fed tell the story without hesitation or argumentation. Digital payments are sweeping the country and checks, and even cash, have been relegated to the sidelines. In 2021, there were \$6 trillion in digital payments and that will double in the next five years. In 2000, 58.8% of all payments were made by check; in 2018 it was only 8.3%. From 2000 to 2015, check writing decreased from 19 billion per year to 7 billion.*

- Both Lanness and Max have said that cash has been eliminated completely from their school districts and the switch to digital payments occurred five years ago.
- The overriding move away from cash and checks found its origins in a need to streamline the payment process for contract workers who, in some instances like Friday night football games in Texas, can total as many as 100 game day personnel.
- In the Hillsborough School district, they were still paying 1099 workers in cash before they moved to digital payments, but the true purpose of the move was in the context of accountability.
- Accountability, in fact, is a huge reason to move to digital payments, and both Lanness and Max are in 100% agreement that accountability might even be the best approach for receiving buy-in and a ringing endorsement to move to a digital payment platform from personnel in the business office.
- In other words, if athletic departments want to switch to software like Arbiter Pay, it's simple to focus on the finance departments who are overly burdened with paperwork, recordkeeping and issuing 1099s. There's even a strong argument that athletic departments should not pay the subscription price of the software, but the business office should.
- Both ADs agreed that there will never be a "turning back" to the manual process of five years ago and the simplicity of today's digital payment solutions will only grow and expand to other people and uses throughout a school district.



*Accountability, in fact, is a huge reason to move to digital payments*





## 2 TAKEAWAY TWO

# Digital Payments Are Critical To Athletic Departments, But The Real Benefit Can Be Found In The Business And Accounting Office

Max explained it this way, “Our business office loves Arbiter’s digital payments platform. The amount of paperwork that has been eliminated is unbelievable. From officials submitting pay sheets, to me submitting check requests, and then back again, and toss in signatures, it was a real mess. Now that everything is done electronically, it saves everybody a lot of time and paperwork.”

- The key to all of this is the issuance of 1099s to contract workers. Not only was the payment process a 5-step procedure, as Lanness explained, but even after that, the business office had to issue, track and follow up with 1099s and that was a huge problem that required a massive amount of time. Now, all the steps have been completely eliminated.
- A by-product of that has been an entirely new dynamic within business offices. Because the work has been streamlined so thoroughly, there is greater staff continuity; workers in that office are staying longer in their jobs because processes are easier.
- Both Max and Lanness are in total agreement that it’s the audits that have truly changed. Because of digital payments and recordkeeping, the audits are cleaner, faster and more accurate. And, of course, they are far less time-consuming.
- It’s very important to close-out each event and there can be thousands of events in a year. In some cases, an event can’t be reconciled until the 1099s are reconciled, and because Arbiter handles much of this dynamic, athletic departments are able to close-out events faster and more accurately.
- Another advantage for the business office is the ability to correct or amend any payments with the click of a button, and that makes the finance people very content. As Max has indicated, in Texas football, officials get a percentage of the gate; can you imagine how complex that would be to determine, and how time-consuming that would be, but not when the process is digitized?



### 3 TAKEAWAY THREE

## Timeliness Is One Of The Great Equalizers To The Shortage Of Officials; Real-Time Is The Expectation

*The Great Expectation. That's one of the drivers to alleviating the shortage of officials, at least according to our esteemed panelists. In particular, younger referees expect to be paid immediately before or after a game, which can only be done digitally because they expect a payment to be electronically deposited into their bank account. Without that digital process, the industry will find it difficult to recruit younger refs.*

- The entire payment ecosystem of the way things were just won't cut it in today's digital world. School districts and schools that are still paying by check or cash will not successfully compete for officials much longer. There is strong evidence that the new breed of referees will choose games where they are paid digitally over games where they need to wait for payment.
- Both Max and Lanness agree that digital payments are actually a recruitment tool for many schools; it's one of the few ways where districts can attract younger officials by highlighting the advantages of digital payments, and that advantage is immediacy.
- Today, the expectation is you work a game, you get paid for that game. Waiting to be paid, or even paid inaccurately, just doesn't appear to be an option any longer.
- Immediate gratification is very important to younger people and it's no different for younger refs either, according to Lanness. Refs need to be paid in accordance with their personal preferences, or there won't be refs. And their personal preferences don't include being presented with a check.
- As Max said, "If you work a game, that money needs to be in the worker's account before they leave the field or the gym. That's the process and that's a plus. The official shortage is caused by bad sportsmanship, that's reason number one so if you want to recruit new officials, under difficult circumstances, the very least you can do is pay them right away."





## 4 TAKEAWAY FOUR

# Officials And Gameday Workers Are The Tip-Off; Schools Are Paying All Sorts Of 1099 Workers Outside Of Athletics

*As Kyle said, "Schools are branching outside of athletics for digital payments. There's a school in Texas that's actually paying the piano accompanist for the choir through digital payments. There are schools in California that are paying their lawn guys this way. It broadens the ability of the business office to pay all their 1099 contractors this way."*

- Although both Max and Lanness are somewhat restricted to athletics, both believe that broadening the scope of digital payments to other non-athletic contract workers makes perfect sense.
- Lanness added that in his school district, they add digital payment recipients all the time and with a lot of frequency. It's so simple to add names and information that schools should expand the scope of digital payments.
- According to Max, in their school district it's already happening. They're digitally paying judges for a one act play contest so electronic payments have already moved into their fine arts program.
- A new development in Arbiter's payment product line is Arbiter Pay Unlimited which enables school districts to pay an unlimited number of 1099 workers without individual transaction fees or hidden costs. The feeling is that this might broaden the scope and provide a catalyst to business offices to digitally pay non-athletic related contract workers.
- It was brought to the attention of the audience that it's all district money whether it's athletics, fine arts, curriculum-based workers, or facilities management personnel. And whatever the department, districts need to be responsible and accountable for taxpayer's dollars, and digital payments and recordkeeping are two of the best ways to demonstrate accuracy and accountability.

***New Arbiter Pay Unlimited enables school districts to pay an unlimited number of 1099 workers without individual transaction fees or hidden costs***



## 5 TAKEAWAY FIVE

# Athletic Budgets Are Under Constant Pressure; But Digital Payments Can Help Alleviate The Strain Through Accountability And Performance

*The pressure on athletic budgets is relentless. Costs are rising faster than funding opportunities and the focus, at least currently, is trying to maintain the quality of the programs, services and experience. Reducing expenses can help, and transitioning to digital payments is one way to save money and valuable resources.*

- Anytime an athletic department can implement a process that is more accountable and trackable the better the department will be and digital payments are one, very important step in financial stability. That's because it allows ADs to easily pull reports, analyze and compare data, and make fact-based decisions.
- There is a need for athletic departments and the personnel to be more business minded because the decisions are difficult ones. As long as costs are rising faster than funding, digital processes, not manual ones, are going to be the answer to a more business minded approach to management.
- It was agreed that digital payments save athletic departments money, and with those savings Lanness mentioned that his district needs to, first and foremost, maintain the services they provide in spite of rising costs, after that, those savings would be directed to adding new sports and activities.
- For Max, any money saving attributes from digital processes would go to offering a better product to fans. The overall product experience is essential to the success of high school sports. And Max reminded everyone that athletics is one of the few departments, if not the only department in a school, that actually brings in revenue. That doesn't lessen the strain on the budget, but it does help.
- Accountability, in the end, is what will always be most important in any discussion about budgets and performance. Without accountability, which is so difficult without digitized processes, it will be almost impossible to run an athletic department efficiently. Digital payments, and the reporting that goes along with it, are the backbone of accountability.





## BONUS TAKEAWAY

# Technology Adoption Isn't for Everyone So You Need To Coach More Than Student-Athletes

*Not everyone is digitally astute and comfortable with technology. This was very evident, particularly during the pandemic, when cash at concession stands or for payment of tickets was not accepted. It's important to keep in mind, as we transition to digital, that not everyone is transitioning along with us.*

- The panelists all agreed that switching to digital payments was easier than anticipated. In fact, both Max and Lanness stated that it took about an hour of training and onboarding for people in the athletic and business departments.
- For assigners and officials, it wasn't much different. For refs, many were shown how to set up their accounts right when they arrived at the field or the gym for the first time during the transition; it literally only took minutes.
- It takes some coaching to transition to digital, coaching of assigners and officials, but it's completely worth it in the end. They'll always be some pushback, and there will always be people in the ecosystem who still use paperwork, but they're constantly reminded that they no longer need to print forms, bring them to the games, and submit them. It's a different world and it takes time to get everyone on the same "digital page".

*It only takes about an hour of training and onboarding for people in the athletic and business departments.*





# SUMMARY AND CONCLUSIONS

All the esteemed panelists agreed that digital payments are here to stay, there's no turning back on manual processes, and no desire to do so. 100% agreement was also expressed for the following:

- Accountability is a key factor in many of the successful operations of an athletic department and digital payments and reporting are the cornerstone of this success.
- The need to recruit and attract younger officials is key to resolving the ref shortage, as is promoting better sportsmanship, but the feeling is younger officials need to be paid digitally, or there won't be much interest from this group of stakeholders.
- Immediate payment is now a requirement. If an official works a game, they need to be paid just before or after the contest. For younger officials, immediate gratification is a necessity.
- Because of solutions like Arbiter Pay Unlimited, which allows schools to pay an unlimited number of 1099 workers, the scope of payments is transcending athletic departments and moving to other departments within a school district.
- Business offices are benefiting from digital payments as much as athletic departments. What was once a 4-5 step process, including lots of paperwork followed by the issuance and tracking of 1099s, is now streamlined and is actually saving time and money for schools.
- The process has become so simplistic compared to past, antiquated processes, that business office personnel might be staying in their positions longer.
- Onboarding and transitioning to digital payments is simple and straightforward. Most training and onboarding, at least for Arbiter Pay, is done in a one hour session.
- There will always be those who are late adopters to technology, but there will be a need to coach them, work with them, and show them the benefits. It might take some time, but they'll come around.

